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PRESS RELEASE

FOR IMMEDIATE RELEASE

February 22, 2005

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BOILER ROOM OPERATORS/TELEMARKETERS CRIMINALLY CHARGED IN MULTI-AGENCY CRACKDOWN OF BUSINESS OPPORTUNITY SCHEMES

Marcos Daniel Jiménez, United States Attorney for the Southern District of Florida; Peter D. Keisler, Assistant Attorney General, United States Department of Justice - Civil Division; Deborah Platt Majoras, Chairman, Federal Trade Commission; Lee R. Heath, Chief United States Postal Inspector; and Enrique Gutierrez, Inspector in Charge, United States Postal Inspection Service, Miami Division, announced the unsealing of an Indictment and filing of eleven (11) Informations charging fourteen (14) defendants in the Southern District of Florida with criminal charges relating to the defendants' involvement in business opportunity schemes. The Indictment and Informations announced today are part of a series of investigations code-named, Project Biz Opp Flop, aimed at cracking down on business opportunity fraud.

Six (6) different business opportunity schemes are the targets of these criminal prosecutions. The charged schemes were executed typically as follows: Ads would be placed on television, on the Internet, and in other media across the country, touting the profits that could be earned by purchasing a business opportunity. Responding consumers were placed in touch with salesmen known as "fronters," who explained the business opportunity to prospective purchasers. The "fronters" explained that consumers who purchased the opportunity would be "distributors" operating their own point-of-sale terminals. Those terminals would be placed in store locations in the purchaser's home town and, according to the sales pitch, would offer prepaid Internet services, prepaid phone cards, and many other products to the public. According to the sales pitch, the purchaser would then receive commissions based upon sales from those terminals.

After the "fronter" spoke with the prospective purchaser, the three (3) different mediums typically were used to defraud consumers: A brochure, references, and an expert fraudulent telemarketer called a "closer." First, brochures were sent to prospective purchasers touting, among other things, how much money a purchaser would make on a regular basis. They would falsely represent to consumers that the business opportunities would yield them thousands of dollars a year. Salespeople then provided prospective purchasers with the names of several individuals who served as references who claimed to have had success operating the business opportunity. The references, in reality, did not own any terminals, were paid to lie to prospective purchasers, and often used false names.

After receiving the brochure and speaking with references, prospective purchasers spoke with another salesman, referred to as a "closer." During their sales pitches to consumers, closers reinforced the oral false statements by the "fronters" and the written false statements and attempted to close the deal. The "closers" made materially false statements to prospective purchasers, including misrepresentations about territorial limitations, previously-determined locations, and average terminal performance.

Enticed by the promise of a "turnkey business," over 4,000 consumers nationwide lost over $60 million in purchasing these fraudulent business opportunities. In addition to these federal criminal cases, law enforcement agencies from various states nationwide announced that they have charged more than one hundred twenty (120) operations with engaging in fraud and/or violating consumer protection laws.

A summary of the twelve (12) criminal prosecutions announced for the Southern District of Florida follows:

U.S. v. Harris Cohen, Alex Moncayo, and Michael Borzillo, a/k/a "Michael Chiello," a/k/a "Michael Brazil," Case No. 05-60029-Cr-Cohn; U.S. v. Steven Marc Mishkin, Case No. 05-60037-Cr-Cohn; U.S. v. Richard Balber, Case No. 05-60037-Cr-Marra; U.S. v. Martin Geller, Case No. 05-60034-Cr-Cohn; U.S. v. David Ross , Case No. 05-60036-Cr-Marral; U.S. v. Isaac Denis Savariego , Case No. 05-60035-Cr-Zloch.

The one (1) Indictment and five (5) of the eleven (11) Informations filed in the Southern District of Florida relate to the "AmeriP.O.S." scam. On February 15, 2005, a federal grand jury in the Southern District of Florida returned a fourteen-count Indictment, charging defendants, Harris Cohen, Alex Moncayo, and Michael Borzillo, each with one (1) count of mail fraud conspiracy, in violation of 18 U.S.C. § 371, and twelve (12) counts of mail fraud, in violation of 18 U.S.C. § 1341. In addition, Cohen is charged with one (1) count of criminal contempt, in violation of 18 U.S.C. § 401(3). As alleged in the Indictment, Cohen was an undisclosed principal of AmeriP.O.S. Inc. ("AmeriP.O.S."). Moncayo was an AmeriP.O.S. salesman, who held himself out as AmeriP.O.S' "Director" and a "Territory Director." Borzillo was an AmeriP.O.S. reference, who fraudulently represented himself to potential purchasers as a successful AmeriP.O.S. distributor.

On February 18, 2005, five (5) separate criminal Informations were filed in the Southern District of Florida charging: Steven Marc Mishkin with one (1) count of mail fraud conspiracy, in violation of 18 U.S.C. § 371, and one (1) count of criminal contempt in violation of 18 U.S.C. § 401(3); Richard Balber with one (1) count of mail fraud conspiracy, in violation of 18 U.S.C. § 371; Martin Geller with one (1) count of mail fraud, in violation of 18 U.S.C. § 1341; David Ross with one (1) count of mail fraud, in violation of 18 U.S.C. § 1341; and Isaac Denis Savariego with one (1) count of mail fraud conspiracy, in violation of 18 U.S.C. § 371. According to the Informations, Mishkin was a founder and manager of AmeriP.O.S.; Balber, Ross, and Savariego were AmeriP.O.S. salesmen; and Geller was an AmeriP.O.S. employee responsible for the “closers.”

AmeriP.O.S. engaged in the sale of point-of-sale (“P.O.S.”) terminal business opportunities. For a minimum purchase price of approximately $12,000, potential purchasers were told they would receive several P.O.S. terminals, along with assistance in establishing, maintaining, and operating a P.O.S. terminal business. According to the Indictment and the Informations, the defendants, among others things, falsely claimed that a business opportunity purchaser, known as a “distributor,” would earn substantial profits when members of the public purchased products, such as pre-paid debit cards, pre-paid phone cards, and pre-paid Internet services, from the distributor’s P.O.S. terminals. The defendants fraudulently induced over 1,500 consumers to invest as much as $20 million in these fraudulent business opportunities.

The criminal contempt charges against Cohen, as alleged in the Indictment, and Mishkin, as alleged in one (1) of the Informations, are based on these defendants’ violation of an Order entered by the United States District Court for the Southern District of Florida in June 2000, in a consumer fraud civil case filed by the Federal Trade Commission.

If convicted, Cohen, Moncayo, and Borzillo face a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count, twenty (20) years on each of the mail fraud counts, and Cohen, up to life imprisonment on the criminal contempt count. If convicted, Mishkin faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count, and up to life imprisonment on the criminal contempt count. Balber, if convicted, faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count. If convicted, Geller and Ross each face a maximum statutory term of imprisonment of twenty (20) years on the mail fraud count alleged against them. Savariego, if convicted, faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count. All defendants face a possible fine and mandatory restitution.

U.S. v. Alan Levine, Case No. 05-60039-Cr-Dimitrouleas; U.S. v. Leland Balber, Case No. 05-60038-Cr-Marra.

On February 18, 2005, two (2) Informations were filed in the Southern District of Florida, one (1) charging defendant, Alan Levine, with one (1) count of mail fraud, in violation of 18 U.S.C. § 1341, and the other charging defendant, Leland Balber, with one (1) count of conspiracy to commit mail fraud, in violation of 18 U.S.C. § 371. Levine was the titular President of Cash Link Systems, Inc. (“Cash Link”), and served as a front for the business’ actual principals. Balber was a Cash Link salesman who worked as a “closer.” Cash Link, a Florida corporation incorporated in or around July 2003, had its principal place of business located at 4651 Sheridan Street, Hollywood, Florida.

According to the Informations, Cash Link engaged in the sale of business opportunities involving cash-less Automatic Teller Machines (“ATM”). For a minimum purchase price of approximately $11,000, potential purchasers were told they would receive several cash-less ATM terminals, along with assistance in establishing, maintaining, and operating a cash-less ATM terminal business. According to Cash Link, a business opportunity purchaser, known as a “distributor,” would earn substantial profits from commissions generated whenever members of the public used the distributor’s cash-less ATM terminals.

Cash Link placed advertisements on television, on the Internet, and in other media across the country, misrepresenting the profits that could be earned by purchasing a Cash Link distributorship, and urging consumers to telephone a number that appeared in the advertisements. Potential business opportunity purchasers were falsely told, among other things, that Cash Link: had previously placed cash-less ATM terminals in tremendously successful locations; had spent years planning the ATM program; would locate ATM terminals in high traffic locations such as McDonald's and Taco Bell; provided "everything" to distributors, including hardware, finding locations, and bookkeeping services; had looked at the foot traffic and hours of operation of potential ATM terminal locations to determine whether they were appropriate places for the terminals; and/or would, without charge, relocate any ATM terminal that underperformed. The defendants and others falsely represented to potential purchasers that they would see a return of at least $700 per month. Cash Link "closers" provided potential purchasers with the names of purported satisfied Cash Link customers who, in reality, did not own any terminals and were paid to lie to prospective purchasers. The defendants and others fraudulently induced about 900 consumers to invest as much as $15 million in these fraudulent business opportunities.

If convicted, Levine faces a maximum statutory term of imprisonment of twenty (20) years on the mail fraud count, and Balber faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count. They also face a possible fine and mandatory restitution.

U.S. v. William Judd, Case No. 05-20136-Cr-Seitz.

On February 18, 2005, an Information was filed in the Southern District of Florida charging defendant, William Judd, with one (1) count of mail fraud, in violation of 18 U.S.C. § 1341. Judd was a Manager and Supervisor of Global Resources, Inc. ("Global Resources"), a Florida corporation which became operational in or around June 2004. Global Resources' principal place of business was located at 12550 Biscayne Boulevard, Suites 704 and 706, North Miami, Florida.

According to the Information, Global Resources engaged in the sale of business opportunities involving terminals that featured various sorts of pre-paid products. For a minimum purchase price of approximately $14,000, potential purchasers were told they would receive a pre-paid product terminal, along with assistance in establishing, maintaining, and operating a terminal business. According to Global Resources, a business opportunity purchaser, known as a "distributor," would earn substantial profits from commissions generated whenever members of the public purchased products from the distributors' terminals.

Global Resources placed advertisements on television, on the Internet, and in other media across the country, misrepresenting the profits that could be earned by purchasing a Global Resources distributorship, and urging consumers to telephone a number that appeared in the advertisements. Potential business opportunity purchasers were falsely told, among other things, that Global Resources: took care of all aspects of the venture and the only thing distributors had to do was plug in the terminals and return to the location to restock the items sold on the machine and collect the commissions; would find appropriate, viable, and highly profitable locations to place the machines; and/or would only sell distributorship to a limited number of people in a geographical area. The defendant and others falsely represented to potential purchasers that they would generate revenues of approximately $6,480 per month. Global Resources salespeople provided potential purchasers with the names of purported satisfied Global Resources customers who, in reality, did not own any terminals and were paid to lie to prospective purchasers. The defendant and others fraudulently induced about one hundred fifty (150) consumers to invest as much as $2.5 million in these fraudulent business opportunities.

If convicted, Judd faces a maximum statutory term of imprisonment of twenty (20) years on the mail fraud count, a possible fine, and mandatory restitution.

U.S. v. Arthur Tulin, Case No. 05-20137-Cr-Cooke.

On February 18, 2005, an Information was filed in the Southern District of Florida charging defendant, Arthur Tulin, with one (1) count of conspiracy to commit mail fraud, in violation of 18 U.S.C. § 371. Tulin was a Tel 2 Net Corporation ("Tel 2 Net") salesman who worked as a "closer." Tel 2 Net was a Florida corporation with its principal place of business located at 10800 Biscayne Boulevard, Suite 600, Miami, Florida.

According to the Information, Tel 2 Net engaged in the sale of point-of-sale ("P.O.S.") terminal business opportunities. For a minimum purchase price of approximately $12,000, potential purchasers were told they would receive several P.O.S. terminals, along with assistance in establishing, maintaining, and operating a P.O.S. terminal business. According to the defendant and his co-conspirators, a business opportunity purchaser, known as a "distributor," would earn substantial profits when members of the public purchased products, such as pre-paid debit cards, pre-paid phone cards, and pre-paid Internet services, from the distributor's P.O.S. terminals.

Tel 2 Net placed advertisements on television, on the Internet, and in other media across the country, misrepresenting the profits that could be earned by purchasing a Tel 2 Net distributorship, and urging consumers to telephone a number that appeared in the advertisements. Through Tel 2 Net salesmen acting as "fronters" and "closers," potential business opportunity purchasers were falsely told, among other things, that Tel 2 Net: and a third-party "locating company" did all of the legwork of the business and that the distributor only need to visit the terminal once a week to wipe the terminal down; planned to set up only two or three distributors in the county from the consumer was calling; and/or that locations where machines would be placed were appropriate, viable, and highly profitable; would relocate the terminal for free if a terminal underperformed. The defendant and others falsely represented to potential purchasers that they should expect to earn 100% of his or her investment in the Tel 2 Net business opportunity in 12 months or less. Tel 2 Net salespeople provided potential purchasers with the names of purported satisfied Tel 2 Net customers who, were shills who did not own any terminals and were paid to lie to prospective purchasers. The defendants and others fraudulently induced about one hundred fifty (150) consumers to invest as much as $1 million in these fraudulent business opportunities.

If convicted, Tulin faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count, a possible fine, and mandatory restitution.

U.S. v. James Vitale, Case No. 05-20138-Cr-Highsmith.

On February 18, 2005, an Information was filed in the Southern District of Florida charging defendant, James Vitale, with one (1) count of conspiracy to commit mail fraud, in violation of 18 U.S.C. § 371. Vitale was a Pantheon Holdings, Inc., a/k/a "Internet Machine Company," ("Pantheon") salesman who worked as a "closer." Pantheon was a Florida corporation with its principal place of business located at 11645 Biscayne Boulevard, 2nd

Floor, Miami, Florida.

According to the Information, Pantheon purported to sell Internet kiosk business opportunities to the public. For a minimum purchase price of approximately $18,000, potential purchasers were told they would receive an internet kiosk, along with assistance in establishing, maintaining, and operating an internet kiosk business. According to defendant and his co-conspirators, a business opportunity purchaser would earn substantial profits when members of the public used the kiosk to access the Internet for a fee.

Pantheon placed advertisements on television, on the Internet, and in other media across the country, misrepresenting the profits that could be earned by purchasing a Pantheon distributorship, and urging consumers to telephone a number that appeared in the advertisements. Potential business opportunity purchasers were falsely told, among other things, that Pantheon: would perform all the legwork of the business and the distributor only needed to plug in the kiosk and wipe it down periodically; would find appropriate, viable, and highly profitable locations to place the kiosks; would relocate any kiosks that underperformed; and/or would only sell distributorship to a limited number of people in a geographical area or territory; frequently “sold out” a particular geographical are or territory in two or three days. The defendant and others falsely represented to potential purchasers that a distributor earned his or her investment back in 9 months. Pantheon salespeople provided potential purchasers with the names of purported satisfied Pantheon customers who, in reality, did not own any terminals and were paid to lie to prospective purchasers. The defendants and others fraudulently induced about 1,500 consumers to invest as much as $19 million in these fraudulent business opportunities.

If convicted, Vitale faces a maximum statutory term of imprisonment of five (5) years for the mail fraud conspiracy count, a possible fine, and mandatory restitution.

U.S. v. Lon Finkelstein, Case No. 05-20135-Cr-Cooke.

On February 18, 2005, an Information was filed in the Southern District of Florida charging defendant, Lon Finkelstein, with one (1) count of conspiracy to commit mail fraud, in violation of 18 U.S.C. § 371, and one (1) count of criminal contempt, in violation of 18 U.S.C. § 401(3). Finkelstein was a Perfumes Unlimited, Inc. (“Perfumes Unlimited”) salesman and an undisclosed principal of the firm.

According to the Information, Perfumes Unlimited engaged in the sale of perfume and cologne display rack business opportunities. For a minimum purchase price of approximately $11,000, potential purchasers were told they would receive perfume and cologne and display racks, along with assistance in establishing, maintaining, and operating a perfume and cologne display rack business. According to Perfumes Unlimited, a business opportunity purchaser, known as a “distributor,” would earn substantial profits from commissions generated whenever members of the public purchased perfume and cologne from the display racks.

Perfumes Unlimited placed advertisements on the Internet and in other media across the country, misrepresenting the profits that could be earned by purchasing a Perfumes Unlimited venture, and urging consumers to telephone a number that appeared in the advertisements. The potential business opportunity purchasers were falsely told, among other things, that: the average distributor earned over $100,000 a year; the worst distributor earned over $50,000 a year; and/or the President of Perfumes Unlimited was a nationally recognized businessman.

The defendant and others falsely represented to potential business opportunity purchasers that they could earn $150,000 or more per year. Perfumes Unlimited salespeople provided potential purchasers with the names of purported satisfied Perfumes Unlimited customers who, in reality, did not own any perfume racks and were paid to lie to prospective purchasers. The defendants and others fraudulently induced about one hundred fifty (150) consumers to invest as much as $1.5 million in these fraudulent business opportunities.

If convicted, Finkelstein faces a maximum statutory term of imprisonment of five (5) years on the mail fraud conspiracy count and up to life imprisonment on the criminal contempt count. He also faces a possible fine and mandatory restitution.

Mr. Jiménez commended the investigative efforts of the United States Postal Inspection Service, as well as the cooperative efforts of the Federal Trade Commission. These cases are being prosecuted by U.S. Department of Justice, Consumer Litigation Section, Trial Attorney Richard Goldberg and Special Assistant United States Attorney Stephen Gurwitz.

A copy of this press release may be found on the website of the United States Attorney's Office for the Southern District of Florida at www.usdoj.gov/usao/fls. Related court documents and information may be found on the website of the District Court for the Southern District of Florida at www.flsd.uscourts.gov or on http://pacer.flsd.uscourts.gov.

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